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New York

SUMMARY RECORD OF THE 68TH MEETING

Chairman: Ms. PEÑA (Mexico)
(Vice-Chairman)

Chairman of the Advisory Committee on Administrative and Budgetary Questions: Mr. MSELLE

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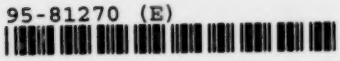

In the absence of Mr. Teirlinck (Belgium), Ms. Peña (Mexico), Vice-Chairman, took the Chair.

The meeting was called to order at 10.20 a.m.

AGENDA ITEM 10: REPORT OF THE SECRETARY-GENERAL ON THE WORK OF THE ORGANIZATION

Financial situation of the United Nations (A/49/43)

1. Mr. SUCHARIPA (Austria), Vice-Chairman of the High-level Open-ended Working Group on the Financial Situation of the United Nations, introduced the report of the Working Group, which had met at Headquarters from January to July 1995 to deal with a Programme of Work comprising the question of payment by Member States of their contributions to the United Nations in full and on time; the problem of arrears in the payment of contributions; the cash-flow situation of the United Nations; the procedure for the approval of peace-keeping budgets and appropriations; the methods of calculating the scale of assessments; and any other elements raised during the general debate.

2. On the basis of the proposals made during the general debate and the first round of discussions, a "checklist of proposals" containing a summary list of proposals had been prepared. Subsequently, a non-paper had been placed before the Working Group, dealing with the reaffirmation to pay assessed contributions in full and on time and without conditions; the strict interpretation of Article 19 of the Charter of the United Nations; incentives, disincentives and the question of payment in instalments; issues related to capacity to pay; and special issues related to the peace-keeping scale of assessment.

3. The Secretary-General had made a statement to the Working Group in which he had given an account of the current financial situation of the United Nations and had asked for the urgent assistance of Member States in dealing with the serious situation that the Organization was facing.

4. Although the Working Group had failed to achieve consensus, it had nevertheless succeeded in clarifying important issues, and it was hoped that the discussion would build on the work done during the forty-ninth session of the General Assembly with a view to taking the most appropriate measures to provide the United Nations with a viable financial base commensurate with the challenges it would have to face after its fiftieth anniversary. To that end the Working Group had recommended to the General Assembly the adoption of the draft decision contained in paragraph 33 of its report.

5. Mr. CONNOR (Under-Secretary-General for Administration and Management) said that as at 31 August 1995, outstanding assessed contributions stood at over $3.7 billion. The cash-flow problem was particularly acute with respect to the regular budget to which contributions of almost $850 million were still outstanding. As at the end of August, only 64 Member States had paid their regular budget contributions in full.

6. The regular budget had run out of cash in mid-August and $98 million had had to be borrowed from peace-keeping operations in order to maintain regular budget activities. Unless significant contributions were forthcoming from Member States with outstanding contributions, borrowing would increase alarmingly in the coming months. The situation was made particularly bleak by the fact that unprecedented amounts were involved and there was no sign that the outstanding contributions would arrive by October or November.

7. Moreover, total disbursements were likely to be much higher than expected owing to expenditures for programmes whose financing arrangements had not been agreed upon until very recently, such as the war crimes tribunal for the former Yugoslavia, and to the decline in the value of the dollar against other currencies of major duty stations. In addition, payment from one major contributor was expected to arrive very much later than usual during the current year.

8. The Secretary-General had proposed various measures for dealing with the critical financial situation, such as discontinuing troop reimbursements and payment of letters of assist to Governments. In addition the Secretary-General had decided to freeze recruitment, strictly curtail overtime and travel of staff, defer representation allowances, suspend new consultancies and purchases of furniture and equipment, delay payments to vendors and pay Professional staff monthly rather than semi-monthly. A reduction in the number of meetings and conferences was also being considered. The Secretary-General intended to direct specific appeals to those Member States which accounted for the bulk of the arrears.

9. The CHAIRMAN took it that the Committee wished to take note of the report of the High-level Open-ended Working Group on the Financial Situation of the United Nations and transmit it to the plenary Assembly for action.

10. It was so decided.

The meeting rose at 10.45 a.m.